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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

CIA/OER/S-06392-74

14 August 1974

MEMORANDUM FOR: Ms. Kay Thompson
Developing Nations Division
Office of Trade Policy
Department of Commerce

SUBJECT : Italy's Trade Deal With Iran

1. Attached is the information you requested on 13 August concerning Italy's recent trade deal with Iran.

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3. If you have any further questions, please call Ms.

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Attachment: a/s

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ITALY'S TRADE DEAL WITH IRAN

In June of 1974, Italy and Iran signed an agreement that would result in joint investments in Iran of about \$3 billion if fully implemented. Details of the plan are not yet fully worked out by the signatories of the agreement, Nisic (an Iranian state agency) and Finsider (a wholly state-owned Italian holding company). For instance, the relative shares of investment in joint ventures will be decided on a project by project basis.

Oil is not specifically mentioned in the agreement. Possibly, Iran will use some of its oil surplus for prepayment of Italian technical expertise and goods used in construction of the joint ventures. Italy will support Iranian interests in Iran's negotiations with the EC as part of the deal.

The agreement calls for the industrial development of the Bandar Abbas region of Iran through construction of a steel plant and supporting infrastructure. The development plans calls for:

- a mixed Italian-Iranian planning/consulting company, to operate on a world-wide basis, which will initially undertake the complete planning for a steel mill and its related infrastructure.

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- a rolled steel plant with a 3 million ton capacity.
- the opening and operation of an iron ore mine.
- the construction of a railroad from the mine to the steel mill.
- the construction of a gas pipeline to serve the regional industrial complex.
- the construction of a 500 megawatt gas-fired electrical generating plant.
- the construction of a desalinization plant that would process 2,500 cubic meters of water per hour.
- a shipyard for ships up to 250 thousand tons
- the construction of a city designed for 80,000 inhabitants.

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14 August 1974

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